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**and “We See the Future” Conference at the Willard Hotel**

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**(Remarks as Prepared)**

Thank you for that kind introduction. And thank you for inviting me to speak with you this afternoon. I am honored to be part of this important dialogue on cutting-edge information and ideas, on energy and the environment.

I congratulate you for your accomplishments and your efforts to honor Senator Mary Landrieu. I have worked with her over the years on energy and environment issues, ranging from wetlands protection, to Lake Pontchartrain, to urban river restoration in the Nation’s capital. She is a thoughtful and committed leader.

I also want to mention another Louisianan who is in the eye of the storm – literally and figuratively – that is Karen Gautreaux, the Deputy Secretary of the Louisiana Department of Environmental Quality. Karen is an

environmental leader not only on the Louisiana waterfront, but on the national scene as well. She's currently the President of the Association of State and Interstate Water Pollution Control Administrators.

### **Environmental Leadership**

Energy and environmental programs need such strong leaders. You provide the promise and the opportunity for applying technology and market-based approaches to solving environmental challenges. As leaders, you provide the energy and activism needed to focus on environmental challenges not only in the United States, but also across the globe.

Technology, innovation, and collaboration are critical as we work to accelerate the pace of environmental progress while maintaining America's economic competitiveness. President Bush and EPA are encouraging the investments in the technology that are powering our nation's economy and driving our environmental successes.

### **The Triple Bottom Line --- Environment, Economics, and Equity**

Today businesses are seeing that doing what's good for the environment can also be good for their bottom lines.

A growing number of companies are finding that their customers, both in the U.S. and around the world, have high expectations for how products or services they purchase affect the environment. We see that companies choosing to act progressively on environmental issues have a competitive edge.

Environmental and business leaders should read “From Walden to Wall Street,” James N. Levitt’s thoughtful compilation of essays about the next frontier in eco-financing and sustainable investing. Steve Weems’ essay lays out the “triple bottom line”—the three E’s –Economics, Environment, and Equity. I believe this is the future of how businesses will measure success. It’s not just in financial return, but also by the degree to which it creates social and environmental capital.

### **Efficiency for Energy and Water**

But, I would add another E—“efficiency” – relating both to water and energy. Both are inextricably linked to the environment. Making products more energy and water efficient helps consumers and our environment.

As today's leaders, we can influence behavior to improve public health – especially the health of our children. It's about changing behavior towards our natural resources—to protect the environment and preserve it for the next generation and generations to come—so they can build on our achievements.

Improvements in water efficiency are needed because water demand is outpacing supply in many areas of our country and around the globe. Infrastructure costs are increasing due to strain on aging systems. EPA is working to provide leadership on energy efficiency. By providing consistent, clear information to consumers, EPA and our partners can help them make informed decisions when choosing water-using products. We can also help reduce the strain on water infrastructure through decreased per capita and peak water use. EPA is developing plans to promote water efficient products and will soon launch a voluntary program to enhance this market. This program will emphasize efficiency on landscape irrigation residential plumbing, and in the future will include commercial plumbing and other water-using equipment. Future initiatives will also include a water-efficiency rating system for construction of new homes.

By focusing attention on the importance of water-efficiency, consumers can make water efficient choices without sacrificing product performance. This program will provide a foundation upon which local utilities can build their own water efficiency activities. Just as industry did so successfully in the past, its leadership and commitment are needed once again to address our next great challenge of energy and the environment.

We cannot be content to merely celebrate that we've developed practical technology solutions. We have to find ways to move advanced technologies to market in numbers that matter. We have seen results working with our partners in industry to help achieve that through EPA's hallmark Energy Star program. Introduced in 1992, Energy Star is a voluntary, market-based partnership to reduce air pollution through energy efficiency. Today, more than 32,000 individual product models are stamped with the Energy Star label. In 2004 alone, with the help of Energy Star, Americans saved about \$10 billion and the amount of energy required to power about 25 million homes. We applaud our partners for their leadership and exemplary efforts to save energy, while ensuring a healthier, cleaner environment for all Americans.

By harnessing the power of the marketplace and technological innovations, we are proving that environmental results and increased economic productivity indeed go hand-in-hand.

All of us are now recognizing the need to focus on the convergence of energy and economic security. In his State of the Union Address last week, the President announced a new national investment in energy innovation in order to break America's dependency on foreign sources of power. His Advanced Energy Initiative includes a national goal of replacing more than 75-percent of our oil imports by the year 2025. President Bush and EPA are encouraging the investments in the technology that are powering our nation's economy and driving our environmental successes.

The good news is this technology is within our grasp, and consumers are paying attention. 2005 was a banner year for hybrids cars---sales more than tripled. They sell as fast as manufacturers can produce them. Hybrids by some estimates may account for 25 percent of sales by the end of the decade. In fact, most auto companies are either launching, or dramatically expanding

their hybrid line-ups. At the Detroit auto show this year, there were several exhibits for “luxury hybrid” cars.

Even a year ago, I don’t think too many people would have equated fuel efficiency, with luxury. Automakers are also seeing they can invest in the environment, and at the same time, boost their bottom lines.

And it’s not just about the bottom line. Companies are embracing the three E’s –Environment, Economics and Equity in corporate stewardship is a way to keep workers healthy and enhance the quality of life for people in their communities and across the nation.

To help with these efforts the President’s FY 2007 budget announced more than \$100 million to support EPA's new priorities outlined in the Energy Policy Act of 2005. This includes \$50 million for the new Diesel Emissions Reduction Program, to support cleaner fuels and diesel retrofit engines.

EPA estimates this amount will attract at least \$100 million in funding assistance and reduce particulate matter or soot by about 7,000 tons, achieving an estimated \$2 billion in health benefits.

Our programs provide access to cutting edge information and ideas to decision makers and leaders in an open and supportive environment.

When we roll up our sleeves and do the hard work-- all of us can champion the results.

Water security is another area where resources and attention must be focused at the national level. President Bush is providing that leadership.

### **Water Security—Homeland Security**

The President's FY 2007 budget requested \$184 million for EPA homeland security efforts. This represents an increase of \$55 million over the FY 2006-- \$33 million alone to conduct research to develop an early warning detection system, and provide tools to drinking water systems. Sustaining water infrastructure and protecting public health is a national priority.

We have worked diligently to support industry's improvements in water security. Utilities have evaluated and addressed vulnerabilities. And we are also working with stakeholders to develop and support a wide array of tools to make drinking water infrastructure more secure.

Clearly, the hurricanes that have occurred in the Gulf and other southern states have shown us that preparation and communication are vital. Water and wastewater utilities need to develop strong ties with state health agencies to ensure that critical information is shared when public health and safety are at risk. This will help improve public health and help ensure public confidence.

Another issue impacting us that we can no longer afford to ignore is an aging water infrastructure.

### **Managing our Aging Water Infrastructure**

As a nation, we have spent billions of dollars building a nationwide network of water infrastructure. Most of our water infrastructure in the country was built in the thirty years following World War II, mirroring an increase in population during the same time period.

Today, our water infrastructure is aging and we can no longer disregard the need for rehabilitation and replacement that we will face in the next several decades. To do so would put the achievements of the last thirty to forty years and our nation's waters at risk.

But the challenge is manageable if utilities undertake the work that needs to be done to address infrastructure needs.

EPA's Drinking Water Infrastructure Needs Survey estimates more than two hundred and seventy seven billion dollars are needed over the next twenty years for infrastructure improvements. Over half, \$184 billion, is for transmission and distribution. Federal funding alone will not address these needs. But actions and innovations are necessary to reduce the needs. A different approach must be taken about the way in which we view our nation's water infrastructure.

### **Water's Priority- The Four Pillars of Sustainable Infrastructure**

To help promote scientific research, the President's 2007 budget request includes \$7 million for a water infrastructure initiative -- a research effort to evaluate promising innovative technologies to reduce the cost of operating, maintaining and replacing the nation's aging water systems.

We approach the water infrastructure issue by looking at four areas that EPA calls **the four pillars of sustainable infrastructure.**

Water is everyone's business, and shoring up the water infrastructure will involve everyone. Not just EPA, the states, and local municipalities, but anyone who uses water for drinking, cooking, bathing or swimming.

There needs to be a Fundamental shift in our thinking about this valuable resource. There must be a fundamental shift in the way we, as a nation, manage, view, and value our water infrastructure. Water is fundamental to life and our view of water must reflect that value.

A healthy water infrastructure system is the life blood of a community. We have four main strategies, or pillars upon which to build.

**The first pillar is Better Management** uses the approaches as stewardship and collaboration to help make better use of our resources. Improving utility management is the answer to obtaining needed improvement in both performance and efficiency.

**The second pillar is Water Efficiency** — the need to use water wisely and wring the waste out of our water system. Earlier I spoke of a program underway to bring this to the market place.

Water efficiency simply makes good economic and environmental sense.

Consumers and utilities alike must be much smarter on how we use this precious resource.

**Our third pillar is Full-Cost Pricing.** We are led to believe that water is readily available and cheap. There needs to be a fundamental shift in our thinking. We must develop methods of financing that reflect the true cost of water if we are going to meet our essential infrastructure needs. Pricing that recovers all of the costs of building, operating, and maintaining a system is absolutely essential to achieving sustainability. Under pricing means we are not maintaining the capacity to adequately treat drinking water and wastewater. This undermines the ability to raise the required capital to meet expanding needs. Concerns about equity issues can be addressed through “lifeline rates” for the poor.

**Our fourth pillar is the Watershed approach.** This helps utilities, communities and states make infrastructure decisions in a watershed that protects and enhances water quality and public health. Emerging technology will help us navigate toward the goal of maintaining a sparkling water supply that will sustain us and sustain future generations. As former EPA

Administrator Mike Leavitt often said, “Sometimes the problem isn’t so much the technology but the sociology.”

No single initiative will answer the question of how to pay for the infrastructure needs we face. Taken together, and used in a coordinated fashion with the significant levels of financial assistance available at the federal and state levels, they provide an outline of how to pay for these infrastructure needs.

Government alone cannot be the only answer to communities’ needs for improved infrastructure. Water is everyone’s business, and shoring up the water infrastructure will involve everyone.

As we look at solutions for the future, we need to better understand the depth of the challenges we are facing in the years ahead.

## **Innovative Approaches and Collaborative Partnerships**

### **Green Highways Initiative**

One example of partners collaborating in a Watershed Approach is the Green Highways Initiative.

The Green Highways Initiative was created to promote innovative streamlining and market-based approaches toward sustainable solutions for transportation and environmental improvements.

This voluntary, collaborative effort is designed to foster partnerships for improving upon the natural, built, and social environmental conditions in a watershed while sustaining requirements of transportation infrastructure.

The final results will be conditions that are “better than before.”

### **Water Quality Trading**

Water quality trading uses innovative, market-based approaches to accelerate the cleanup watersheds impaired by nonpoint sources. By implementing trading practices we are seeking to harness the market forces to better the environment. Trading is a way to address the entire needs of a watershed and not just isolated point source discharges. Trading catching on with environmental groups, state and federal agencies, municipalities, and industrial groups as a cost-effective method to solve water quality problems.

We have made remarkable progress over the years in protecting and restoring our waters, but we have much left to do.

## **International Developments**

Perhaps the greatest, most challenging work is on the global front. There are a myriad of many groundbreaking developments and opportunities.

The Millennium Development Goals, adopted at the 2002 United Nations World Summit on Sustainable Development, established the goal to halve by 2015, the number of people world-wide that have sustainable access to clean water and sanitation. These goals were adopted because of the recognition that seventeen percent - 1.1 billion – of the world’s population are still using water from unimproved sources and 2.6 billion people live without improved sanitation. I especially note that the World Health Organization estimates 1.6 million children die each year related to drinking water from unsafe sources.

Further focus was recently placed on this world-wide concern when Former EPA Administrator Bill Reilly and Former Deputy Administrator for USAID Harriett Babbitt co-authored “The Silent Tsunami, The Urgent Need for Clean Water and Sanitation.” The Silent Tsunami makes ten recommendations but one recommendation I would like to share addresses the role of women and water in the developing world. It states “Because

water and sanitation are often the responsibility of women in the developing world, they should become more directly involved in managing water resources and making water-related decisions.”

In most developing countries the time women spend securing water for themselves and their families can preclude them from taking part in the decision-making processes. This can especially have an impact on young girls, thus preventing them from improving their lives, particularly by attending school.

This important issue came to the forefront last fall when Congress passed the Senator Paul Simon Water for the Poor Act of 2005. This legislation directs the President, through the Department of State, to develop a strategy for providing affordable and equitable access to safe water and sanitation in developing countries. This is the first time that providing clean and safe drinking water and adequate sanitation is a specific foreign policy objective of the United States.

EPA continues to work with the Department of State and other government agencies, private sector organizations and companies to highlight

international water challenges using the Millennium Goals as the focus for our activities.

EPA brings much expertise to the international effort to achieve these goals. Beyond legislation, I mentioned many private sector companies have adopted international water issues. Companies such as Proctor and Gamble, General Electric, Coca-Cola and Starbucks have taken a keen interest in water issues and their impact in developing countries. These companies have developed partnerships with other organizations.

For example, Coca-Cola is working with the World Wildlife Fund and local partners to fund water shed conservation projects. Proctor and Gamble is working with US AID and Population Services International to provide point of use sachets for providing clean drinking water at the household level.

Beyond businesses, philanthropic organizations such as the Gates Foundation and Behring Foundation are also exploring ways to bring needed resources to these countries. EPA is also partnering with China as well as several other developing countries in Africa, Asia and Caribbean to advance clean water and sanitation.

Leadership in energy and water means sustainability and it means efficiency, effectiveness and equity.

As Pogo said: “We face insurmountable opportunities.”

Good luck today, tonight, tomorrow—and thank you again for inviting me to speak to you today.

I want to thank you for partnering with EPA to improve the environmental quality of your residents. As I said before, the federal government alone cannot be the only answer to communities' needs for improved infrastructure. Water is everyone's business, and shoring up the water infrastructure will involve everyone.